Proposal to review the guarantee fee charged for outstanding multilateral loans

299. SHRI K. RAMA MOHANA RAO: Will the Minister of POWER be pleased to state:

(a) whether it is a fact that the Ministry is considering the Power Grid Corporation's proposal to review the current guarantee fee charged for outstanding multilateral loans;

(b) if so, what is the present rate of fee on outstanding loans; and

(c) what are the reasons for reviewing the same?

THE MINISTER OF POWER (SHRI P.M. SAYEED): (a) Yes, Sir.

(b) The present rate of Government Guarantee fee is 1.2% per annum.

(c) The guarantee fee charged on outstanding multilateral loans is fixed by the Ministry of Finance. The rate of 1.2% was fixed in 193 when the interest rate were high. Now that the interest rate regime has softened considerably, Power Grid Corporation and other Central Public Sector Undertakings (CPSUs) have made a request for reduction by taking up the matter with Ministry of Finance. As suggested by Ministry of Finance, all such requests are being recommended on case-to-case basis. The reasons given by Power Grid Corporation of India Ltd. for review of Guarantee Fee are as under:

(i) Waiver/reduction in guarantee fee will not only reduce the project cost but will also result in reduced tariff to the users of the system and consequently to the ultimate consumers.

(ii) In the current low interest rate regime, the guarantee fee becomes significant part of the cost of multilateral loans.

Assessment of power sector made by Planning Commission

300. SHRI MANOJ BHATTACHARYA:
SHRI C. RAMACHANDRAIAH:

Will the Minister of POWER be pleased to state:

(a) whether as per the internal assessment made by the Planning Commission the power sector in the country remains an area of serious concern;

(b) if so, the details thereof;

(c) whether Government has identified the major bottlenecks in the growth of the power sector and if so, the details thereof; and

(d) the steps proposed to be taken in regard thereto?

THE MINISTER OF POWER (SHRI P.M. SAYEED): (a) Yes, Sir.

(b) to (d) The key concerns and bottlenecks in the power sector are:

* Distribution characterized by high Aggregate Technical and commercial (ATC) losses and poor quality of supply;
* Financial health of utilities;
* Peaking and energy shortages;
* 44% households yet to get electricity;

These are being addressed in the following manner:

* The Accelerated Power Development and Reforms Programme (APDRP) provides for investments which lead to efficiency gains in identified distribution circles. It also provides incentives to States by providing a grant equivalent to half the reduction of cash losses in a particular year.
* An ambitious capacity addition programme is being undertaken in the Tenth Plan. The National Electricity Policy envisages creation not only of adequate capacity for meeting peaking as well as energy needs but also the creation of a 5% spinning reserve by 2012.
* The Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) has been launched with 90% capital subsidy being provided by the Central Government for the fulfilment of the objective of National Common Minimum Programme of providing access to electricity to all households in five years.

Public investment in Power Sector

301. SHRI BALAVANT *ALLIAS* BAL APTE: Will the Minister of POWER be pleased to state:

(a) whether public investment in power sector is being stepped up considerably;